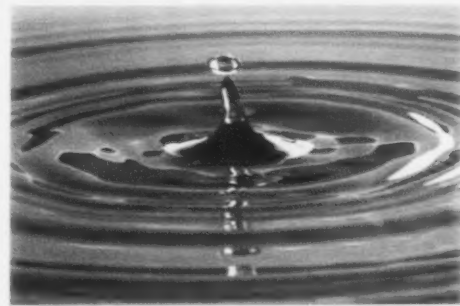




Newfoundland Labrador

Department of Municipal Affairs



2009 – 2010 Annual Report

MUNICIPAL AFFAIRS

Message from the Minister

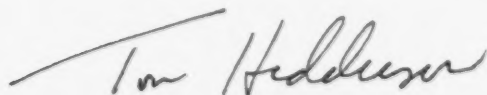
In accordance with Government's commitment to accountability, I have the honour to submit to the House of Assembly, the Annual Report of the Department of Municipal Affairs for the year ended March 31, 2010. The activities of the Department are guided by its Vision: **communities with viable, sustainable municipal services led by strong local governments.**

The Department is now mid-way into its Strategic Plan for 2008 – 2011. I am pleased to report that the Department continues to make progress on all of its strategic issues: regional cooperation initiatives, municipal fiscal framework, and municipal asset management system. Approximately 30 communities are engaged in discussions leading towards regional cooperation initiatives. The Department continues to work on a new municipal fiscal framework, and two pilot projects are underway to test municipal asset management systems.

This year I was particularly pleased with our Department's support of the September 2009 municipal elections. The MakeYourMarkNL campaign highlighted the important role of municipal councils in providing services essential to our everyday lives, and making our communities more vibrant places to live. I wish to congratulate the successful candidates and to thank everyone who put their names forward for municipal service.

As Minister, I am accountable for the development of the 2009-10 Annual Report and the accuracy of the results reported. I look forward to continued progress on addressing issues of importance to municipalities in the next fiscal year.

Sincerely yours,



TOM HEDDERSON, MHA
Harbour Main District
Minister (Acting)

Department of
Municipal Affairs

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CONTACT INFORMATION

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P.O. Box 8700
St. John's, NL A1B 4J6
Tel: (709) 729-5677 or 729-6869
Fax: (709) 729-7491

Eastern Regional Office

Confederation Building, West Block
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: (709) 729-0259
Fax: (709) 729-0477

Eastern Regional Sub-Office

54 Manitoba Drive
Clareville, NL A0E 1J0
Tel: (709) 466-4030
Fax: (709) 466-1306

Central Regional Office

2nd Floor, Fraser Mall
260 Airport Blvd.
P.O. Box 2222
Gander, NL A1V 1L7
Tel: (709) 256-1050
Fax: (709) 256-1060

Western Regional Office

63 Broadway
P.O. Box 2006
Corner Brook, NL A2H 6J8
Tel: (709) 637-2332
Fax: (709) 637-2548

Labrador Regional Office

Elizabeth Goudie Building
P.O. Box 3014, Station B
Happy Valley-Goose Bay, NL A0P 1E0
Tel: (709) 896-2941
Fax: (709) 896-8847

Primary clients:

- 276 municipalities
- 5 Inuit Community Governments
- 182 local service districts

DEPARTMENTAL OVERVIEW

The Department of Municipal Affairs delivers programs and services to ensure people enjoy healthy, safe and sustainable communities supported by strong local governments. The Department supports the financial stability and viability of municipalities and the efficient and effective delivery of municipal services. The Department assists municipalities in meeting their infrastructure needs and provides the financial and administrative tools to support sound municipal governance.

Mandate

The mandate of the Department of Municipal Affairs is derived from the Department of Municipal and Provincial Affairs Notice, 2003 under the *Executive Council Act*, and is informed by the legislation set out in the Schedule (see Appendix A for a list of Acts in the Schedule) which outlines the powers, duties and functions of the Minister, who is also appointed Registrar General. The Department of Municipal Affairs is directly responsible for all matters relating to municipal and provincial affairs.

The Department is a Category 1 entity under the Province's *Transparency and Accountability Act*, and is required to prepare 3-year strategic plans and annual performance reports in compliance with the Act.

The primary clients of the Department of Municipal Affairs are the 276 municipalities, 5 Inuit Community Governments, and 182 local service districts in Newfoundland and Labrador. Based on the 2006 census, 89 per cent of the provincial population resides within municipalities or Inuit communities, approximately 7 per cent reside in local service districts and 4 per cent are in unincorporated areas. The Department also provides support to three Regional Service Boards which provide municipal services on a regional basis.

Lines of Business

Lines of business are the major programs, products or services provided to our primary clients. The Department of Municipal Affairs has four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs. These lines of business are outlined below:

Local Governance

The Department strengthens local governance by:

Department of
Municipal Affairs

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Four lines of business:

- Local Governance
- Municipal
Infrastructure and
Engineering Services
- Employment Support
- Provincial Affairs

- formulating land use policy and regional approaches to service delivery;
- providing municipal training to elected and administrative officials;
- providing legislative interpretation to assist in the development of municipal by-laws;
- advising local government officials;
- conducting reviews of municipal administrative matters;
- administering grants and subsidies for community infrastructure;
- examining local governments' financial operations;
- monitoring levels of debt;
- providing operational support;
- participating in inter-provincial policy development and knowledge sharing; and
- supporting regional cooperation initiatives.

Municipal Infrastructure and Engineering Services

The Department guides infrastructure investments by:

- assessing needs and prioritizing municipal infrastructure investments;
- providing financial support for the development of municipal infrastructure;
- monitoring and providing guidance and advice on municipal infrastructure projects; and
- advocating to the federal government, on behalf of municipalities, to secure long-term sustainable funding.

Employment Support

The Department works with local, community-based sponsors to create short-term employment initiatives that provide enduring benefits to communities. Additionally, Government has assigned the Department the responsibility to provide similar employment support programs in areas affected by permanent closure of fish processing plants and to coordinate interdepartmental efforts to assist workers affected by permanent fish plant closures.

Provincial Affairs

The Department has statutory responsibilities in relation to the following provincial affairs:

- coordinating annual ceremonies to honour our veterans;
- approving the use of legislated provincial identification symbols;
- prescribing and evoking *Newfoundland Daylight Time*;
- Great Seal of the Province; and
- Registrar General for the Province.

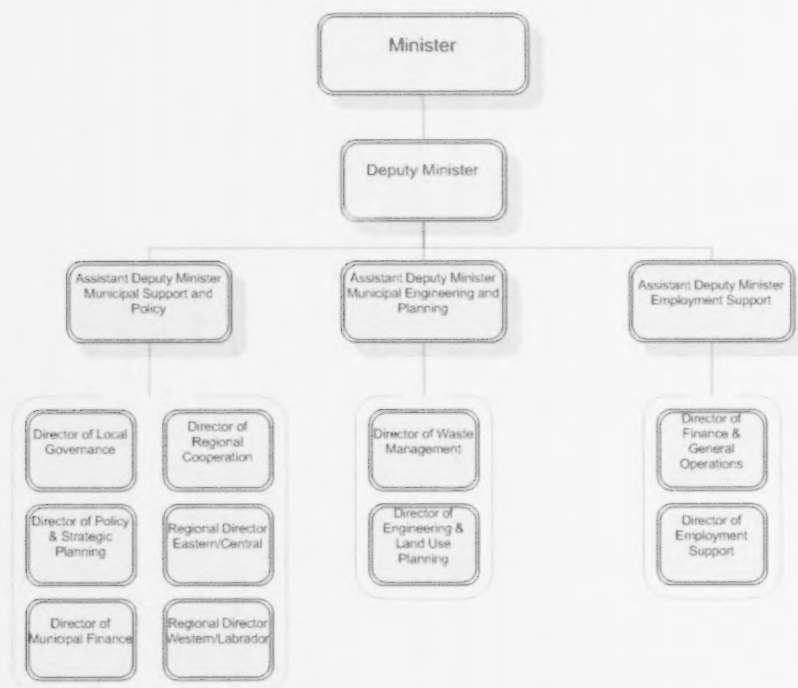
Three branches:

- Municipal Support and Policy
- Municipal Engineering and Planning
- Employment Support

Organizational Structure

The Department delivers its programs and services through three branches: Municipal Support and Policy, Municipal Engineering and Planning, and Employment Support. The three branches deliver four main lines of business: Local Governance, Municipal Infrastructure and Engineering Services, Employment Support, and Provincial Affairs.

While Fire and Emergency Services – Newfoundland and Labrador is accountable to the Minister of Municipal Affairs, under Government's accountability requirements, the agency has its own business plan and annual report. The Municipal Assessment Agency also reports to the Minister of Municipal Affairs, but it also has its own business plan and annual report.



Budget and Expenditures

The Department's approved budget, excluding Fire and Emergency Services – Newfoundland and Labrador, for 2009-10 was \$216.2M, an increase of \$23.6M over 2008-09. Net expenditure for fiscal 2009-10, after revenue, totalled \$230M, an increase of \$50.1M from 2008-09. For further budget details see Appendix B—Financial Statements.

Background on
Department:

- 115 staff in
Department
- Head office located in
St. John's
- Four regional offices

Staff Complement

In 2009-10, the Department had a total staff complement of 115 positions – 61 males and 54 females. The educational backgrounds and skills of Departmental staff are diverse and reflect the Department's role in providing technical expertise to local governments in the areas of financial management, municipal administration, engineering, land use planning, employment support, legislative interpretation, and training for elected and non-elected municipal officials.

The Department's headquarters is located in St. John's. Primary public services offered through this office are: municipal programs and policy development; project management for municipal infrastructure projects; waste management; industrial water supply; land use planning; municipal financing support; legislative development and interpretation; municipal training; and short-term employment creation.

Four regional offices are located in: St. John's (Eastern Region), Gander (Central Region), Corner Brook (Western Region), and Happy Valley-Goose Bay (Labrador Region). Primary services offered by the

regional offices are: municipal infrastructure project assessments and project management, municipal training, and legislative and administrative support.

The Department also maintains staff in Clarenville, whose primary function is to provide municipal infrastructure project assessments and project management with respect to water systems projects.

Staff complement by location is as follows:

Location	Staff Complement
St. John's - Headquarters	79
St. John's – Eastern Regional Office	12
Clarenville	1
Gander	8
Corner Brook – Western Regional Office	11
Happy Valley-Goose Bay	4

SHARED COMMITMENTS

The Department of Municipal Affairs collaborates with several provincial and federal government departments, as well as municipalities, particularly in the areas of land use planning, employment support, infrastructure development, environmental issues, regionalization of services, water quality, waste water treatment, waste management, and legislative and administrative support. Consultation and cooperation with organizations responsible for these issues is necessary to develop and work toward shared goals.

The Department has been successful in establishing positive relationships with stakeholders that have led to improved policies, services and programs, thereby supporting the strategic directions of Government. The Department works closely with numerous organizations and associations including, but not limited to:

- Municipalities Newfoundland and Labrador (MNL);
- Professional Municipal Administrators (PMA);
- Combined Councils of Labrador;
- Regional joint councils;
- Regional Waste Management Authorities and Committees;
- Regional Service Boards;
- Royal Canadian Legion;
- Provincial Government departments including Environment and Conservation, Transportation and Works, Government Services, Labrador and Aboriginal Affairs, Health and Community Services, Fisheries and Aquaculture and Tourism, Culture and Recreation;
- Multi-Materials Stewardship Board (MMSB);
- Municipal Training and Development Corporation (MTDC);
- Infrastructure Canada;
- Atlantic Canada Opportunities Agency (ACOA);
- Atlantic Canada Water Works Association;
- Lending institutions;
- Educational institutions;
- Professional Engineers and Geoscientists of Newfoundland and Labrador;
- Newfoundland and Labrador Construction Association; and Consulting Engineers of Newfoundland and Labrador.

Together with these organizations, the Department has made significant progress towards its strategic goals of increased regional cooperation initiatives, implementation of a new municipal fiscal framework, and development of a municipal asset management plan for municipalities.

MakeYourMarkNL
municipal election
campaign:

- 9 % Increase in female candidates
- 20% Increase in elected female candidates

HIGHLIGHTS AND ACCOMPLISHMENTS

MakeYourMarkNL Campaign

The Department supported the September 2009 municipal elections through the "MakeYourMarkNL" campaign. Launched in June 2009, this multi-faceted campaign highlighted the key role of municipal councils in providing essential services critical to the everyday lives of residents of their communities. Utilizing an innovative multimedia approach, including social networking, the campaign encouraged people to run for municipal council and to vote for candidates.



Minister Whalen speaking at Make Your Mark Campaign event

As a key component of the campaign, the Minister and senior Department officials traveled to numerous community events across the Province to promote the value of municipal service. From Paradise to Plum Point, the Minister made formal speeches and spoke to countless individuals, reaching in excess of 10,000 members of the public. She shared her personal satisfaction with many years service on the Paradise town council, and encouraged others to share in this challenging, but rewarding, experience.

The interactive makeyourmarknl.ca website included print, photo and video media as well as social networking through Facebook and YouTube. Visitors to the site could follow the campaign and be informed of upcoming events in their area. They could also access valuable information on the role of municipal councils, and election forms and deadlines. On September 29, 137 municipalities in Newfoundland and Labrador held elections, with over 2,000 candidates putting their names forward for service on council.

One of the goals of the MakeYourMarkNL campaign was to increase the number of female candidates for council. The Department held three lunch and learn events specifically designed for women. In cooperation with the local status of women councils, Minister Whalen hosted sessions in St. John's and Corner Brook. In addition, the Honourable Charlene Johnson, Minister of Environment and Conservation, hosted a session in Carbonear. The focused efforts to encourage and support female candidates met with noted success: in comparison to the 2005 elections, there was a 9 percent increase in female candidates, and a 20 percent increase in elected female candidates.



Women's Lunch and Learn – Corner Brook

Integrated Community Sustainability Plans

Development of Integrated Community Sustainability Plans (ICSPs) is a requirement of the Canada/Newfoundland and Labrador Gas Tax Agreement, which provides funding for sustainable municipal infrastructure projects. These plans address a community's long-term sustainability objectives with respect to environmental, cultural, social, economic and governance issues.

This year the Department undertook an extensive training program to provide municipalities with the necessary knowledge and skills to develop ICSPs. Municipal Affairs staff conducted 36 training sessions with municipalities and Inuit Community Governments throughout the Province, with 765 participants attending. The Department also provided \$226,000 to municipalities to assist them in preparing their ICSPs. The Department received 86 completed plans by March 31, 2010. Since a number of plans were collaborative efforts, these plans

Gas Tax Agreement:

- \$82.25M over four years

represented 118 municipalities. Approximately 50 additional plans are in the final drafting stages.

Municipal Affairs' support for development of integrated community sustainability plans contributed to the Department's strategic direction of *Increased Regional Sustainability*.

Gas Tax Agreement

The Canada/Newfoundland and Labrador Gas Tax Agreement provides a substantial source of funding to support environmentally sustainable municipal infrastructure. Funding is provided by the federal government, and the Agreement is administered by the Department of Municipal Affairs. It provides \$82.25M over four years to eligible project categories which include: drinking water, waste water management, solid waste management, public transit, community energy systems, municipal capacity building, and transportation infrastructure (roads and bridges). In fiscal year 2009-10, the fourth year of the Agreement, the Department transferred \$21.7M in predetermined municipal allocations and \$26.8M for regional solid waste management initiatives.

An extension to the Gas Tax Agreement has been negotiated with the federal government, which will provide \$124.66M to municipalities during the period 2010 to 2014.

The Department's Gas Tax Secretariat provides ongoing implementation support for municipalities, and ensures that funded projects meet all federal and provincial reporting requirements.



Bayview Drive, Springdale

Special Assistance Grants:

- \$1.04 M for communities affected by Abitibi Bowater Mill closure
- \$4.64M for Trout River and Daniel's Harbour residents affected by landslides

Special Assistance Grants

The Department provided assistance to towns in central Newfoundland who were experiencing financial difficulties due to a decrease in taxation revenues resulting from the closure of the AbitibiBowater mill in Grand Falls-Windsor. The municipalities of Grand Falls-Windsor, Bishop's Falls, Botwood, Buchans, and Terra Nova received a total of \$1.04M in Special Assistance grants in 2009. Transitional funding on a sliding scale will also be provided for 2010 and 2011.

The Department also responded to the financial needs of residents of Daniel's Harbour and Trout River impacted by the landslides which struck these municipalities. Financial assistance was provided to property owners who were required to move from the endangered zones in their municipalities. A total of \$1.04M was provided to assist Trout River residents, and \$3.6M to address the needs of Daniel's Harbour residents.

In addition to these major undertakings, the Special Assistance fund provided grants to various municipalities and non-municipal organizations experiencing emergency needs related to water and sewer, roads recreation, fire services, municipal buildings, training and various other needs.

Community Relocation

In 2009, the Department agreed to a request from the residents of Grand Bruit to assist them to relocate to other, less isolated communities. The relocation of the 30 permanent residents of the community will be completed by June 2010, at a total cost of approximately \$2.25M. Government will recover its costs of the relocation over a period of approximately 17 years through the discontinuation of provincial government services to the community.

- Employment creation programs assisted approximately 3,200 workers in rural communities

Regional Governance Model

The Department's agreement with the Northern Peninsula Regional Service Board (NorPen) to pilot regional fire services is operating successfully. NorPen is managing the Straits regional fire department, which serves municipalities, local service districts and unincorporated communities from Eddies Cove East to Anchor Point. Under the umbrella of its board of directors, NorPen has established a fire services sub-committee consisting of representatives of the Board and the fire department which provides direction for the delivery of fire protection services.

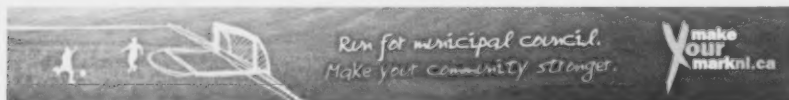
NorPen staff members provide administrative support to the fire department, which allows fire fighting personnel to concentrate on operational issues. Administrative services include collection of fire protection fees from businesses and residents served by the fire department. The new fire fighting equipment and renovations to the fire hall acquired with funding from the Department of Municipal Affairs have enabled the fire department to be more effective in their fire fighting duties.

NorPen has also delivered regional waste management services since 2005. The Department of Municipal Affairs' support of service delivery by NorPen contributes to the Department's strategic direction of *Strengthened Municipal Capacity*.

Employment Support

The Department administered an employment creation program that served approximately 3,200 workers in rural communities at a cost of approximately \$10.5M. This includes an expenditure of more than \$5.2M to assist approximately 1,500 fish harvesters and plant workers to qualify for Employment Insurance.

In addition to the above initiatives, the Department funded a special project in Englee to assist 29 former fish plant workers who were displaced when their fish plant was permanently closed. Total project costs were approximately \$198,000.



Public Sector Accounting
Board:

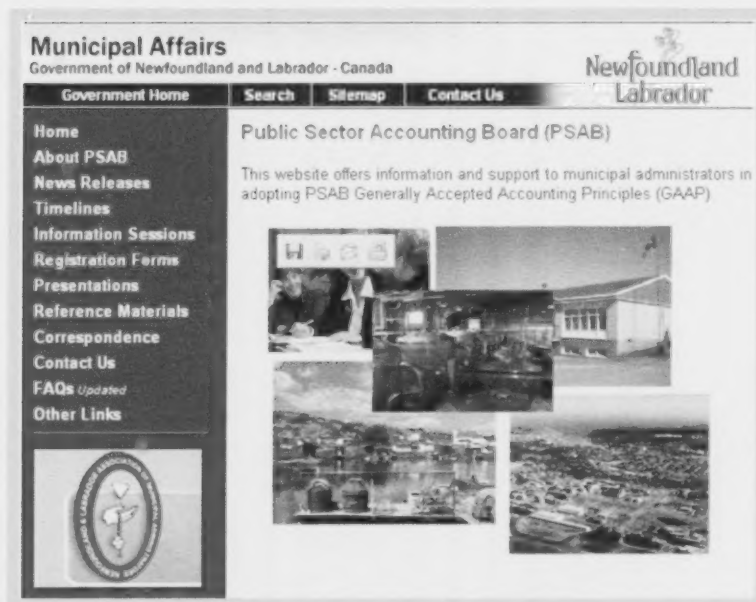
- 9 training sessions delivered
- 70% of municipalities attended

Public Sector Accounting Board Standards Implementation

The Department continued to deliver training and provide technical advice to assist the Province's 276 municipalities and five Inuit Community Governments to implement the new Public Sector Accounting Board (PSAB) accounting standards. Financial statements for 2009 require full PSAB compliance.

The Department delivered nine training sessions focusing on financial statement presentation and disclosure requirements, as well as the conversion of the annual cash budget to a PSAB compliant format. These sessions were attended by 70 percent of the Province's local governments. The Department continues to provide assistance to municipalities in their move to PSAB standards through the PSAB website (www.ma.gov.nl.ca/ma/psab). The website includes a PSAB compliant financial statement template, as well as training materials and reference manuals for all three phases of the Department's PSAB Implementation Action Plan.

The Department's initiatives related to implementation of PSAB standards contributed to the strategic direction of *Strengthened Municipal Capacity*.



- \$358.74M over 3 years

Municipal/Community Infrastructure

Municipalities throughout Newfoundland and Labrador are facing a variety of infrastructure demands ranging from the need to upgrade existing infrastructure to installing new infrastructure, including water distribution and sewage collection systems, water and sewage treatment plants, and recreation facilities. In 2008-09, the Department changed its method of funding municipal infrastructure programs from an annual commitment to a three-year funding strategy. This enabled municipalities to plan and implement major projects much more efficiently. 2009-10 was the second year of the strategy, which will total \$358.74M over three years. Together with federal and municipal investment, the three year investment in municipal infrastructure will be approximately \$404M, including federal funding of approximately \$68M.



Point of Bay Waterline

Under the Department's three-year funding strategy, an annual amount of \$6M was committed for the provision of potable drinking water in support of the Department of Environment and Conservation's Drinking Water Safety Initiative. An interdepartmental committee oversees appropriate capital improvements for selected communities with water quality issues. In this regard, an engineering consultant was hired to evaluate applications from communities, develop a design for Potable Water Dispensing Units (PWDUs), and implement installation of the units in communities where they were deemed the preferred water treatment option. This year the application evaluation and PWDU design phases were completed.

PWDUs are small scale water treatment plants that treat water to meet the Canadian Drinking Water Guidelines. Residents obtain water from the plant, then transport it back to their homes. PWDUs are very cost efficient from the initial capital installation to long-term operation and maintenance, thus offering a reliable, sustainable option for small communities of limited financial means.

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Drinking water
investment:

- \$78.6M invested in drinking water treatment and distribution systems in 2009-10

Including the PWDU initiative, the Department made a total investment of \$78.6M in drinking water treatment, distribution and feasibility studies in 2009-10.

Through strategic Provincial infrastructure investments, the Department was able to maximize access to federal stimulus funds. This resulted in a commitment to deliver infrastructure programs in a three to four-year timeframe instead of the anticipated seven-year timeframe. The Provincial contribution was increased by \$105.8M beyond what was originally budgeted in order to maximize federal funding. As a result of these efforts, a total of 163 new municipal infrastructure projects were approved this year.

The Department continued with its Engineering Design Initiative. Under this initiative, municipalities are funded to have engineering design work completed prior to final project approval. This provides the Department and the municipality with an opportunity to evaluate any unanticipated design issues, obtain all necessary regulatory approvals, and determine more accurate cost estimates before final project approval is considered. Once final funding approval is granted, projects can immediately proceed to tender.

Municipal Affairs' infrastructure investments contributed to the Department's strategic direction of *Increased Regional Sustainability*.



Weir, Quidi Vidi

Provincial Solid Waste Management Strategy

In May 2007, Government announced the implementation of the \$200M multi-year Provincial Solid Waste Management Strategy to ensure effective and efficient management of solid waste in

Department of
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Waste Management
Strategy:

- Capital expenditures of \$38.2M in 2009-10
- 21 entities working on shared waste management services
- 16 dumpsites closed in 2009-10

Newfoundland and Labrador. The Department of Environment and Conservation is responsible for development of the Strategy, and the Department of Municipal Affairs is responsible for implementation of the Strategy. The Department of Government Services and the Multi-Materials Stewardship Board also contribute to implementation of the Strategy.

Municipal Affairs' role includes: working with community leaders to develop solid waste site consolidation plans, establishing regional waste management committees and authorities, and providing project management oversight for the construction of three regional full-service waste management facilities (Eastern, Central, and Western), which will receive waste from all regional systems on the island.

Capital expenditures totaled \$38.2M for the 2009-10 fiscal year. \$20M of that total was for capital infrastructure at the Eastern full-service site at Robin Hood Bay. Construction of the material recovery (recycling) facility has been completed, and it is anticipated that the facility will begin operations in 2010. The residential drop-off facility and the household hazardous waste facility have been completed and are now open for the benefit of residents of the Eastern region.

In the Central region, construction is ongoing at the regional full-service site located near Norris Arm North. Construction activity is also ongoing at seven transfer stations strategically located throughout the region, and interim consolidations of landfill sites are underway.



Waste management transfer station – Central region

Three regional land use
plans under development:

- Northeast Avalon
- Humber Valley
- Labrador Inuit
Settlement Area

The Western Waste Management Committee is engaged in a study which will determine the location of the full-service site and the type of system for the region. The feasibility of transporting waste to the Central regional site is also being investigated.

The Northern Peninsula Regional Service Board continues to deliver consolidated waste management services on the Northern Peninsula. In Labrador, \$1.7M was spent on construction of a new landfill site for western Labrador which will allow for the closure of the Wabush incinerator.

The Department is actively engaged with communities in every region of the province to find sustainable waste management solutions. In total, there are 21 regional or sub-regional entities that are in various stages of study and implementation with a common goal of providing shared waste management services that provide the most cost efficient means to meet the objectives of the waste management strategy.

As a result of these regional cooperation initiatives, 16 dump sites were operationally closed during the past year, and interim consolidation plans were developed that will facilitate additional site closures in the coming year.

Municipal Affairs' waste management initiatives contributed to the Department's strategic direction of *Increased Regional Sustainability*.

Land Use Planning

Regional plans provide a framework to ensure a balance between the demands for development, natural resource use, and the need to protect the environment and enhance tourism potential. Regional planning is facilitated by regional planning authorities. These entities are mandated to oversee the preparation of a regional plan including the development of an appropriate public consultation process.

There are currently three regional land use plans under development in the Province: Northeast Avalon, Humber Valley, and the Labrador Inuit Settlement Area. The Minister of Municipal Affairs is the authority for the Northeast Avalon and Humber Valley regions, and has established public entities comprising municipal and provincial government representatives to assist with the preparation of those plans. The Regional Planning Authority for the Labrador Inuit Settlement Area comprises persons jointly appointed by the Province and the Nunatsiavut Government. The Labrador Inuit Settlement Area plan is targeted for completion by March 31, 2011. It is anticipated that both the Northeast Avalon and Humber Valley plans will be

completed by March 31, 2012. The Department's support for development of regional land use plans contributed to Municipal Affairs' strategic direction of *Strengthened Municipal Capacity*.



YMCA-YWCA – Ridge Road, St. John's

VISION:

Communities with viable,
sustainable municipal
services led by strong
local governments

VISION

The vision of the Department of Municipal Affairs is of communities with viable, sustainable municipal services led by strong local governments.

MISSION

The mission statement identifies the priority focus area of the Minister over two strategic planning cycles. It represents the key longer-term result that the Minister and the Department will be working towards as they move forward on the strategic directions of Government. The statement also identifies the measure and indicators that will assist both the Department and the public in monitoring and evaluating success.

One of the biggest challenges facing all municipalities in the Province is providing appropriate levels of municipal services in a cost-effective manner. Another challenge is the fiscal impact of new waste management practices. Costs are expected to increase as a result of new waste management systems that meet modern standards to ensure protection of the environment. Changes to environmental standards are also expected in the areas of water treatment and waste water treatment. These too will lead to increased demand and costs for services. In addition, construction costs have escalated substantially in recent years, and municipalities are facing enormous pressure to maintain existing infrastructure.

Lastly, to guide these future infrastructure and capital investment costs, municipalities will need funding to develop and/or revise municipal land use plans and sustainability plans. Given these challenges, the long term mission is:

By March 31, 2011, the Department of Municipal Affairs will have improved the efficiency of municipal service delivery.

Performance Measure: Improved efficiency of municipal service delivery

Indicators:

- Increased investment in regional service delivery
 - solid waste disposal sites
 - water supply
 - waste water disposal
- Expansion of regional service boards across the Province
- Completion of regional land use plans for the Northeast Avalon and Humber Valley regions

Substantial new
investment in safe
drinking water:

- \$93.3 million invested
in drinking water
treatment and
distribution since April
1, 2008

- Increased investment in the development or enhancement of water and waste water treatment plants
- Increased number of communities with a debt-service ratio of 30 percent or less
- Increased cost-sharing ratio of provincial to municipal investment in capital infrastructure
- Implementation of new threshold standards pertaining to average per unit cost of water and sewage services funded in any way by the Department

Progress and Accomplishments

Entering into the final year of its five-year mission, the Department has made significant progress in assisting municipalities to improve the efficiency of municipal service delivery. It has continued implementation of the new municipal infrastructure funding formula, and the Provincial Solid Waste Management Strategy. It also continues to make progress on the development of three regional land use plans, and reducing the number of communities with high debt-service ratios. A number of initiatives have been funded to facilitate regional service delivery.

In its mission, the Department committed to increased investment in water treatment plants. Government has also identified safe drinking water as a priority. As an initial step, the Department committed a minimum of \$6M annually over a three-year period, from 2008-11, to support of the Department of Environment and Conservation's Drinking Water Safety Initiative. This initiative is targeted at small communities with high risk water quality problems. Details of the Department's 2009-10 activities are reported in the Municipal/Community Infrastructure section of this report.

Recognizing the need to ensure that both large and small communities have access to safe drinking water, the Department has substantially increased its initial drinking water funding commitment. Over the past two years the Department has invested \$93.3M in drinking water treatment and distribution systems and associated feasibility studies. This includes the Department's Drinking Water Safety Initiative funding, as well as a \$26.4M investment in two water treatment projects to service the St. John's regional water supply.

In addition, the Province has committed \$12M under a federal-provincial-municipal agreement for a new water treatment system for the City of Corner Brook, which has experienced long-standing water quality problems. Construction of the Corner Brook facility has commenced.

OUTCOMES OF OBJECTIVES

In consideration of Government's strategic directions and the mandate and financial resources of the Department, the following issues were identified as the key priorities of the Minister for the period of April 1, 2008 to March 31, 2011. The goals identified for each issue reflect the results expected in the three-year timeframe, while the objectives provide annual benchmarks. This report delineates progress during the second year of the Department's 2008-2011 Strategic Plan.

ISSUE 1: Regional Service Delivery

Municipalities provide a range of services to their residents including, clean drinking water, garbage pick up, solid waste and waste water disposal, snow clearing, fire protection, street lighting, and recreational facilities. However, some municipalities within the province are increasingly challenged to efficiently and effectively provide these services. Particularly in rural areas, the cost of delivering municipal services is increasing. Over the past number of years, many communities have entered into regional cooperation agreements in order to achieve greater economies of scale, broaden their tax base, and provide opportunities to access more strategic capital infrastructure investment. By doing so, regional sustainability is enhanced and local governance is strengthened.

In its 2008-11 Strategic Plan, the Department identified Regional Service Delivery as a critical component in achieving the strategic direction of *Increased Regional Sustainability*. This year the Department built upon the feasibility studies and meetings held with municipalities in the past year to facilitate regional cooperation initiatives. In 2009, eight communities entered into new shared-service agreements with other communities to deliver either waste disposal, fire protection, recreation, animal control, or emergency planning services.

Currently, approximately 30 communities in 11 locations throughout the Province are engaged in regional service discussions. To support regional service delivery, Government invested \$1M in funding and the Department dedicated senior staff to facilitate community discussions on regional cooperation.

Goal 1:

By March 31, 2011 the Department of Municipal Affairs will have increased regional cooperation initiatives and assessed regional service delivery opportunities throughout the Province.

Performance Measure	Indicators
Increased regional cooperation initiatives	<p>Number of regional cooperation initiatives such as:</p> <ul style="list-style-type: none"> • Integrated community sustainability plans • Water supply • Fire departments • Solid waste management • Regionalization of water system maintenance and operations • Mergers • Regional governance structures • Snow clearing • Administration services • Recreation facilities
Assessment of regional service delivery options	<ul style="list-style-type: none"> • Assessment report document



Paradise Community Center

2009-2010

Objective 1.2: By March 31, 2010 the Department of Municipal Affairs will have facilitated regional cooperation initiative agreements with communities that want to share services.

Performance Measure: **Number of regional cooperation agreements facilitated by the Department**

Indicators	Progress & Accomplishments
Number of amalgamations, annexations, and/or mergers	Upon the request of interested communities, the Department facilitated discussions regarding cooperation, amalgamations, annexations and mergers, including: overseeing the conduct of feasibility studies, assisting with public meetings, performing financial analysis, providing legislative interpretation, overseeing compliance with legislative provisions, and conducting negotiation sessions with interested parties. Although no amalgamations, annexations or mergers were entered into this year, 35 communities were involved in regional cooperation negotiations. Six of those communities decided to not to proceed with negotiations.
Number of communities involved in regional cooperation discussions	As of March 31, 2010, 29 communities continued to be involved in regional cooperation discussions, exploring possible amalgamations, annexations or mergers. These discussions are actively supported by Department staff who provide information on legislative, financial and administrative issues.
Number of Collaborative Integrated Community Sustainability Plans completed	These plans address a community's long-term sustainability objectives with respect to environmental, cultural, social, economic and governance issues. The Department provided financial assistance, training and advice to municipalities to assist them in preparing their ICSPs. By March 31, 2010, 13 collaborative ICSPs were submitted, representing 40 municipalities. In addition, 73 municipalities submitted ICSPs independently.

<p>Number of regional cooperation agreements completed</p>	<p>The Department supported communities in achieving shared-service agreements by facilitating meetings to explore pooling resources, and efficiencies of scale that could lead to more efficient use of financial resources.</p> <p>A major accomplishment was the finalization of an agreement with the Northern Peninsula Regional Service Board to deliver fire protection services from Eddies Cove East to Anchor Point, a region incorporating municipalities, local service districts and unincorporated areas. Under the agreement signed in September 2009, the Department agreed to assist with administrative and capital costs over the three-year start-up period.</p> <p>In 2009-10, eight municipalities entered into new shared-service agreements with other communities to deliver either waste disposal, fire protection, recreation, animal control, or emergency planning services.</p> <p>Currently there are 20 regional or sub-regional waste management entities operating across the province, including Labrador. They are involved in a variety of activities including planning regional waste management services, closing and consolidating dumpsites, waste collection and recycling services. Funding agreements are in place with 19 of these entities; 11 of these agreements were signed in 2009-10.</p> <p>In total 20 new regional cooperation agreements were entered into in 2009-10.</p> <p>The Department also funded several feasibility studies which may lead to shared municipal services in future, including recreation facilities for the Northeast Avalon and a joint water supply for George's Brook-Clareville. The Department also approved funding for Phase 2 of a regional water supply system for Grand Bank-Fortune.</p> <p>The Department continued to support the towns of North River, South River, Clarke's Beach, Cupids and Makinsons in operating their new regional fire protection service: Bay de Grave Regional Services Corporation. Their new fire hall, constructed with funding provided by Municipal Affairs, was completed in March 2010.</p>
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Number of solid waste sites consolidated	16 dumpsites have been closed and consolidated with other sites.
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2010-2011

Objective 1.3: By March 31, 2011 the Department of Municipal Affairs, in cooperation with Municipalities Newfoundland and Labrador will have identified opportunities for other communities throughout the Province to engage in regional cooperation initiatives.

Performance Measure	Indicators
Identified opportunities for other communities to engage in regional cooperation initiatives	<ul style="list-style-type: none">• Shared-service feasibility studies completed• Facilitated regional cooperation discussions

ISSUE 2: Fiscal Framework

Increasing health standards for water quality, emerging environmental standards for waste water disposal and solid waste management, escalating costs associated with an aging infrastructure and construction costs, paying down decades old municipal debts, and meeting an ever increasing range of service delivery demands have created significant fiscal challenges for most municipalities. There are benefits to be realized with more standardized approaches to debt management, service delivery standards for some municipal services, refocusing Government transfers, and enhancing municipal taxation authorities.

In its 2008-11 Strategic Plan, the Department identified New Fiscal Programs as a critical component in achieving the strategic direction of *Increased Regional Sustainability*. This year the Department built upon the jurisdictional review and analyses conducted last year to identify the fiscal framework options most appropriate for the Province and its municipalities.

The Department of Municipal Affairs will work with Municipalities Newfoundland and Labrador and other key stakeholders to review municipal financing authorities, programs and efficiencies in an effort to address the fiscal challenges facing municipalities. Development and implementation of a new fiscal framework will lead to increased regional sustainability.

Goal 2: By March 31, 2011, the Department of Municipal Affairs will have implemented a new municipal fiscal framework.

Performance Measure	Indicators
Development of fiscal framework	<ul style="list-style-type: none">• Jurisdictional review of municipal fiscal arrangements• Assessment of municipal revenue sources• Assessment of municipal service delivery costs• Assessment of municipal accountability requirements• Fiscal framework
Implementation of new municipal fiscal framework	<ul style="list-style-type: none">• Establishment of new fiscal programs• Transitional plan• All provincial/municipal transactions are in line with new fiscal framework

2009-2010

Objective 2.2: By March 31, 2010, the Department of Municipal Affairs will have implemented a transitional plan for a new fiscal framework.

Performance Measure 1: Fiscal framework developed

Indicators	Progress & Accomplishments
<ul style="list-style-type: none">• Fiscal framework document completed	A review of municipal fiscal arrangements has been conducted. However, the development of the fiscal framework document is still ongoing, due to the complexity of the factors requiring further research and analysis prior to finalizing a framework. Factors to be considered include the fiscal capacity of the Province and municipalities, and the potential financial impacts of meeting new service standards, such as new environmental standards for solid waste management and waste water treatment.

Performance Measure 2: Transition plan implemented

Indicators	Progress & Accomplishments
Transition plan document completed	The transition plan will detail the process for introduction of the elements identified in the new fiscal framework, as well as the timelines associated with this. As the new fiscal framework is not yet completed, a transition plan could not be developed in 2009-10.
Implemented a transitional plan	The Department will commence implementing the transition plan as per the timeframes established in the transition plan.

Discussion of Results:

While the Department did not achieve its objective to implement a transitional plan for a new fiscal framework, focused research and analysis is ongoing to develop a fiscal framework that will meet the needs of both the Province and municipalities. Once the new framework has been finalized, a transition plan will be developed and implemented.

2010-2011

Objective 2.3: By March 31, 2011, the Department of Municipal Affairs will have implemented a new municipal fiscal framework.

Performance Measure	Indicators
Implemented new municipal fiscal framework	<ul style="list-style-type: none"> • Fiscal framework document completed • Establishment of new fiscal programs • Transition plan document completed • Implemented a transitional plan • Provincial/municipal transactions in line with new fiscal framework

ISSUE 3: Municipal Infrastructure Strategy

Similar to other provinces in Canada, Newfoundland and Labrador constructed the majority of its public municipal infrastructure during the 1950s, 1960s, and early 1970s. While Government has continued to make strategic infrastructure investments, the average age of our infrastructure is steadily increasing. Empirical research clearly demonstrates that countries with modern, safe, and efficient infrastructure are more productive and more competitive in global markets. However, the ongoing challenge with infrastructure investments is determining what should be maintained, replaced and/or developed; in particular the priority setting is most challenging. There is a lack of data regarding location, physical condition assessment, remaining service life and replacement costs of infrastructure assets. Moreover, acquiring and utilizing this data is both demanding and complex. Best practices in asset management need to be reviewed and a program developed and piloted to ensure effective and efficient infrastructure investments and maintenance. This asset management approach will provide an analytical tool to assess needs and set priorities to inform, refine, and shape the municipal infrastructure investment strategy.

In its 2008-11 Strategic Plan, the Department identified Asset Management Systems as a critical component in achieving the strategic direction of *Strengthened Municipal Capacity*. This year two asset management systems were deployed in pilot locations, and have started to be utilized by their respective municipalities. Also the first phase of a jurisdictional review was conducted. These measures were steps towards development of a municipal asset management plan, which will contribute to strengthened municipal capacity in the Province.

Goal 3: By March 31, 2011, the Department of Municipal Affairs will have a municipal asset management plan for municipalities.

Performance Measure	Indicators
Municipal asset management plan	<ul style="list-style-type: none">• Identification of pilot locations• Deployment of asset management systems in pilot locations• Evaluation of piloted municipal asset management systems• Selection of municipal asset management system• Municipal asset management plan

2009-2010

Objective 3.2: By March 31, 2010, the Department of Municipal Affairs will have evaluated and selected a province-wide asset management system.

When the Department's Strategic Plan was developed in 2008, it was projected that evaluation and selection of an asset management system could be completed by March 2010. Given that the pilot asset management systems were not deployed until the latter part of 2009-10, this year's objective will not be fully met until next year. The Department remains committed to completing a municipal asset management implementation plan by March 31, 2011.

Performance Measure 1: Evaluated province-wide asset management system

Indicators	Progress & Accomplishments
Deployment of asset management systems in pilot locations	Both the Burin and Mount Pearl pilot systems were deployed. The Burin system has been fully populated with infrastructure data from the participating communities of Marystown, Burin, St. Lawrence, Fortune and Grand Bank. In Mount Pearl, all city-owned equipment and lands have been entered into the database. All above-ground infrastructure data will be entered by spring 2010. Work is also ongoing on entering underground infrastructure data.
Jurisdictional review completed	A jurisdictional review has been completed in cooperation with the Office of the Chief Information Officer.
Evaluated pilot projects	As the asset management systems in the two pilot locations were not deployed until the latter part of 2009-10, there was not sufficient time for them to be fully operational and sufficiently utilized prior to conducting a comprehensive evaluation. Evaluation of the pilot projects will be undertaken in 2010-11.
Evaluation report completed	Next year a comprehensive evaluation report will be completed.

Performance Measure 2: Selected province-wide asset management system

Indicators	Progress & Accomplishments
Selection of province-wide asset management system	Selection of an asset management system could not occur prior to the pilot projects being evaluated and other factors considered. Selection of a province-wide asset management system will be addressed next year.

2010-2011

Objective 3.3: By March 31, 2011, the Department of Municipal Affairs will have a municipal asset management implementation plan for municipalities.

Performance Measure	Indicators
Municipal asset management implementation plan for municipalities	<ul style="list-style-type: none"> • Evaluated pilot projects • Completed evaluation report • Consulted Municipalities Newfoundland and Labrador • Selection of province-wide asset management system • Asset management implementation plan report completed



OPPORTUNITIES AND CHALLENGES AHEAD

There are many opportunities and challenges ahead as the Department moves forward with improving the efficiency of municipal service delivery in Newfoundland and Labrador. Many communities are successfully addressing service delivery challenges by engaging in regional initiatives, ranging from waste management to sustainability planning. The Department is committed to supporting communities to reach regional cooperation agreements by facilitating discussions, funding feasibility studies, and establishing regional governance structures whereby communities may collaborate on regional service delivery.

Maintaining and replacing aging infrastructure is a challenge for many communities. The Department has assisted communities through significant investment of provincial funds for municipal infrastructure, as well as working effectively with the federal government to leverage additional funding through a number of federal-provincial infrastructure agreements.

Reliable access to safe drinking water has been a concern of many communities for a long time. The Department has undertaken a focussed effort to fund appropriate technology and systems to meet the needs of communities at high risk. This initiative will continue in the coming years.

Many municipalities in the province lack the necessary tools to determine the state of their municipal assets. This presents challenges for both the Department and municipalities to effectively assess, manage and plan municipal infrastructure, and to ensure that sound investments are made. In cooperation with municipalities, the Department is testing new technologies and approaches to municipal asset management. In addition to exploring new asset management technologies, full implementation of Public Sector Accounting Board Standards by municipalities will enhance the capabilities of both the Department and municipalities to make wise investment decisions.

Although the Department has many challenges in the areas of assisting municipalities with service delivery, fiscal sustainability, and infrastructure, innovative ways of doing business are being adopted and new technologies are being investigated. The Department of Municipal Affairs envisions a Province where people enjoy healthy, safe and sustainable communities supported by strong local governments. We look forward to working with municipal councillors and other stakeholders to make this vision a reality.

APPENDIX A: LEGISLATIVE ACTS

The following legislation informs the mandate of the Department of Municipal Affairs:

Assessment Act, 2006	Avian Emblem Act
Building Standards Act	City of Corner Brook Act
City of Mount Pearl Act	City of St. John's Act
City of St. John's Municipal Taxation Act	Coat of Arms Act
Commemoration Day Act	Crown Corporations Local Taxation Act
Emergency Measures Act	Evacuated Communities Act
Family Homes Expropriation Act	Fire Prevention Act, 1991
Firefighter's Protection Act	Floral Emblem Act
Housing Act	Housing Association Loans Act
Labrador Act	Mineral Emblem Act
Municipal Affairs Act	Municipal Authorities Amendment Act, 1999
Municipal Elections Act	Municipalities Act, 1999
Provincial Anthem Act	Provincial Flag Act
Regional Service Boards Act	Remembrance Day Act
St. John's Centennial Foundation Act	St. John's Municipal Council Parks Act
Standard Time Act	Urban and Rural Planning Act, 2000
Taxation of Utilities and Cable Television Companies Act	

APPENDIX B: FINANCIAL STATEMENTS

Unaudited

Annual Report for Municipal Affairs 2009-10*

	Original 09/10 Budget	Actual
Executive and Support Services		
Minister's Office		
Minister's Office: 1.1.01	298,400	327,981
General Administration		
Executive Support: 1.2.01	798,600	883,310
Administrative Support: 1.2.02	1,039,100	861,569
Less Provincial Revenue	<u>-5,000</u>	<u>-2,950</u>
	1,034,100	858,619
Administrative Support - Capital: 1.2.03	<u>20,000</u>	<u>0</u>
Total Executive and Support Services	2,151,100	2,069,910
Services to Municipalities		
Regional and Financial Support Services		
Support to Municipalities: 2.1.01	2,604,400	2,598,413
Municipal Finance: 2.1.02	467,300	372,838
Policy and Planning		
Policy and Planning: 2.2.01	726,900	926,908
Urban and Rural Planning: 2.2.02	555,400	646,348
less Provincial Revenue	<u>-5,200</u>	<u>-5,880</u>
	550,200	640,468
Engineering Support		
Engineering Services 2.3.01	4,005,200	3,875,864
Less Federal Revenue	0	-353,669
Less Provincial Revenue	<u>-441,800</u>	<u>-282,515</u>
	3,563,400	3,239,680
Industrial Water Services: 2.3.02	1,075,500	784,680
less Provincial Revenue	<u>-707,500</u>	<u>-230,428</u>
	368,000	554,252
Total Services to Municipalities	8,280,200	8,332,559
Assistance and Infrastructure		
Financial Assistance		
Municipal Debt Servicing: 3.1.01	15,347,100	14,630,170
Municipal Operating Grants: 3.1.02	17,850,000	17,750,667
Special Assistance: 3.1.03	1,784,800	10,122,344
Community Enhancement: 3.1.04	5,047,900	10,515,750

Department of
Municipal Affairs

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Report

	Original 09/10 Budget	Actual
Municipal Infrastructure		
Municipal Infrastructure – Capital: 3.2.01	114,346,000	99,733,233
Federal/Provincial Infrastructure Programs – Capital 3.2.02	80,045,100	61,975,105
Less Federal Revenue	<u>-58,658,100</u>	<u>-11,072,633</u>
	21,387,000	50,902,472
Canada/NL Gas Tax Program – Capital: 3.2.03	62,910,300	48,859,379
Less Federal Revenue	<u>-32,900,000</u>	<u>-32,921,688</u>
	30,010,300	15,937,691
 Municipal Transit 3.2.05	 3,800,000	 3,769,313
Less Federal Revenue	<u>-3,800,000</u>	<u>-3,769,313</u>
	0	0
Total Assistance and Infrastructure	205,773,100	219,592,327
 Total Department	 216,204,400	 229,994,796

** Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year ended 31 March 2009. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process; however the Department of Municipal Affairs is not required to provide a separate audited financial statement.*